Recovery of Debts From Defaulters of Bank And FIs

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Will the Minister of FINANCE be pleased to state:

(a) the total Non-Performing Assets (NPA) in the Banks and Financial Institutions (FIs) as on 31.3.97, 31.3.98 and 31.3.99.

(b) the recovery made through Debt Recovery Tribunal during 1996-97, 1997-98 and 1998-99;

(c) the total number of defaulters of Banks and FIs for the year ending 31.3.98 whose total outstanding amount in Non-Performing Accounts exceed Rs. 50 crore and Rs. 100 crore respectively alongwith the names of biggest defaulters of bank loans; and

(d) the special action plan, if any, for recovery of debts from the above defaulters?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) The gross and net NPAs of Public Sector Banks (PSBs) for the last three years are as under:—

YEAR	GROSS NPAs	% TO TOTAL ADVANCES	NET NPAs	% TO NET ADVANCES
31.03.1997	43577	17.84	20284.73	9.18
31.03.1998	45653	16.02	21232.18	8.15
31.03.1999	51711	15.89	24211.49	8.13

The net NPAs of Financial Institutions (FIs) during last three years.

	1997		1998		1999	
Institution	Total NPA	% to total Loan*	Total NPA	% to Total Loan*	Total NPA	% to Total Loans*
1. IDBI	4365	10.27	5101	10.14	6490	12.05

Institution	1997 Total NPA	1997 % to total Loan*	1998 Total NPA	1998 % to Total Loan*	1999 Total NPA	1999 % to Total Loans*
2. ICICI	2243	7.84	2834.6	7.66	3623	7.82
3. IFCI	2213	13.97	2663	13.62	4231	20.79
4. IIBI	200	19.28	286.66	13.12	480	14.03
5. TFCI	28	4.63	53.84	7.24	106	12.57
6. SIDBI	306	2.52	263.67	2.05	193	1.37
7. EXIMBANK	NA	—	512.65	14.49 @	406.61	10.65 @
8. NABARD	196	0.98	330.57	1.45	1094	4.18

* Net of provisioning and write offs
* Source Respective FI
@ Includes claims settled by ECGC pending appropriation and Reserve for exchange fluctuation.

(b) The position of recoveries through Debt Recovery Tribunals in respect of Public Sector Banks is as under:

AS ON	AMOUNT (RS. CRORE)
1996-97 (April 96 - June 97)	70.42
1997-98 (July 97 - March 98)	68.11
1998-99 (April 98 - March 99)	178.78

(c) RBI has put in place a scheme to collect details about borrowers of banks and FIs with outstanding aggregating Rs. 1 crore and above and classified as "doubtful" or "loss" and accounts where suits are filed as on 31st March and 30th September each year and to disseminate this information (on floppy diskettes) to the banks and FIs for their use while considering, on merits, the request for new or additional credit limits by defaulting borrowing units and also by the directors/proprietors/partners named in the list either in their own name or in the name of other units with which they are associated.

RBI also publishes a list of borrowers (with outstandings aggregating Rs. 1 crore and above) against whom suit have been filed by banks and FIs for recovery of their funds, as on 31st March every year. Copy of the list has been placed in the Parliament Library.

On the basis of this information collected, the number of defaulting borrowers of banks and financial institutions whose total outstanding are Rs. 1 crore and above as on 31.3.98 and 31.3.99 with the total amounts of above Rs. 50 crores and above Rs. 100 crore outstandings as reported by banks/FIs are as follows:

As on	Above Rs. 50 crores but less than Rs. 100 crore No. of A/cs.	Amount	Above Rs. 100 crore No. of A/cs.	Amount
31.3.98	27	1835.15	09	2278.15
31.3.99	50	3229.10	17	3376.56

(d) Steps taken to reduce NPAs of Public Sector Banks:

On the advice of the RBI/Government of India, Banks have taken following steps not only to check the incidence of fresh NPAs but also to ensure the recovery of existing NPAs of PSBs.

— Banks have been laid down documents of loan policy, recovery policy prescribing the manner of recovery of dues, norms for permitted sacrifices/waiver etc.

— Reduction of NPAs through compromise/write offs through negotiated settlements to ensure maximum recovery at minimum expenses on the basis of a transparent and well laid out policy. Some banks have set up independent Settlement Advisory Committees headed by a retired Judge of the High Court to scrutinise and recommend compromise proposals.

— Nine banks have also set up Settlement Advisory Committees headed by Retired Judge to recommend the compromise proposals of large borrowers to the competent authorities.

— Recovery Cells have been set up at Head Office. Targets are fixed for various levels and recovery performance is monitored closely at all levels.

— Boards review top 300 NPAs of banks with special reference to the system prevailing in the banks to fix staff accountability.

The nationalised banks have been advised individually to bring specific improvements in credit management, recovery of NPAs, improvement of profitability etc., and the performance should be monitored periodically by the banks' top management as also the Board.

FIs are normally expected to discuss the development in respect of NPAs in the periodical review itself which are attended to by the top management. In general, Financial institutions have set up Special Recovery Cells for recovery of dues. The Senior Executives of the institutions periodically review each loan portfolio. If incipient Sickness is noticed in any unit corrective measures are taken which include reschedulement/deferment of instalments, waiver of penal interest etc. Sick units falling under the perview of SICA, 1985 are referred to BIFR.

If a units is found potentially viable, rehabilitation packages are given as proposed by BIFR to sick units. Management take over, winding up of the unit are also effected at the instance BIFR. On time settlement is also taken up with the borrowers where institutions have been filing suits as a last resort for recovery of dues.

In addition to these steps the Government of India/RBI have also initiated the following steps—

(i) Stengthening of Debt Recovery mechanism.

(ii) Pursuant to be instructions of the Central Vigilance Commission, RBI has framed a scheme in February 1999, for collection of information on wilful defaults of Rs. 25 lakh and above and dissemination to the reporting banks and FIs, under which the banks and FIs viz. IDBI, IFCI and ICICI will be required to submit RBI the details of the wilful defaulters.